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The Mediating Role of Perceived Value in the Relationship between Retail Marketing Mix and the Purchase Intention for Retail Stores in Urban Retail Customers of Developing Country

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Abstract

This study is designed to investigate how the consumers of the developing country shape their purchase decision while considering the retail marketing mix and purchase intention in retail store. 400 participants were selected at point of sales of large super stores in the region of Islamabad and Rawalpindi. Purposive sampling technique was applied based on survey design. Three instruments were used to measure retail marketing mix, purchase intention and consumer perceived value. The study result sheds light that the perceived value was playing the role of mediator between the retail marketing mix and purchase intention in urban consumers of developing countries. Result indicated that the perceived value partially mediated in the relationship between retail marketing mix and purchase Intention in urban retail customers. This study would be helpful for marketing professionals to align their marketing strategy through long term trust building effects on the sales.

Key Words: Retail Super Stores, Purchase Behavior, Trust in Store, Attractiveness, Purchase intention, Perceived value.

Introduction

Retailing has always remained in the center of socio economic setup of every civilization and the largest industry among most of the current word . Over the years it had grown to more efficient, better, economical, and widespread across the human population . Products, culture and process may be different in every geographical region but the basis for consumer physiological responses remain same . These responses are greatly been influenced with the use of marketing techniques predominantly by the marketing mix .

Retail settings are evolving with the change in the lifestyles of the modern humans according to the availability of the products and the value . As previously considered concept of retailer as only involved in the merchandise trade, with no manufacturing ability , the modern retail is the space needed by both consumers and sellers to efficiently move their products down to the value chain . The expansion of the marketing mix concept had included the concept of product, service, and physical evidence and post purchase behavior of the customer .

Past marketing literature had contributed too little in investigating the effects of retail marketing mix on the consumer buying behavior and choices, further probing is needed to open up the symmetrical effects of the collective retail marketing efforts by the retailer towards the "buying behavior and the buying intentions" . With the ever increasing demand of the material goods and the purchasing power

in the developing countries, retailers are finding it more difficult to differentiate themselves from their competition for their unique marketing mix . Just like every other business retailers evolve their differentiated business model, including the marketing link to outreach their customers . Instead of making only products available, modern retailers use downstream marketing activities to make themselves more visible and useful in the shopping experience .

The past research in marketing on the retail stores had considered sampling from one store in a single urban area . Moreover the study of the Islamic developing country retail customers is rare in the literature . This research will help managers to decide internationalization in to developing countries according to marketing mix perspective moreover it will also help in linking marketing activities to value based on customer perception of individual retail store.

Literature review

The marketers are consistently looking for new means and methods to shape up their strategy, while working to improve the traditional tools. Organized retail has one of the widest and continuous marketing planning for making the customers feel the joy of shopping.

Retail Marketing Mix

The concept of marketing mix evolved its roots from 40's by Professor N. H. Borden, and was shaped by G. McCarthy in 1960 by giving the 4p's framework. The initially believed four p's of marketing rose up to seven for product and eleven or services. The retail marketing mix (RMM) had evolved with the inclusion of the marketing domains in the retail setup that address the services and merchandising . RMM includes the merchandise, services and marketing efforts to outshine the retail space .

The retailers marketing mix brings the customers closer to the store and increases the sale . With the change of "in-store retail mix" the customer involvement and strength of purchase intention changes, the strength of these elements varies from store to store depending upon the target market and category of the store . This makes the design of marketing activity as more current to the fashion and understandable to the customers. The scarce marketing resources could be shaped with a better retail marketing mix to enhance the view of the customers and thus increasing trust in retail store . In organized retailing localized marketing mix strategies are the key in the profits and customer perception building, better location reinforces the mix for wider customer flow   and the intensity of the elements of the retail mix to support the customer purchase decision .

The effect that the retail mix creates has to be in accordance with the perception of the customer, too strong or too week signal can create the competition among the products at display, with this the signal has to reinforce all four kinds of shopping involvement. This involvement is mediated by perceived value for the attractiveness between purchase intention and the retail marketing mix .The depth of the retail mix explains the degree of the customer satisfaction to their shopping needs .

Purchase Intention

Perceived value displays greater influence on purchase intention then the actual satisfaction in the purchase and the retailer effort to create value in the marketing mix can generate the positive customer behavior for patronage . Past studies had identified that emotional and social dimensions explain the perceived value of the product in building purchase intention   The trust is viewed as multi-dimensional construct that creates the " honesty and benevolence" in the behavior for the relationship between the parties . The customer trust in the retailers brand paves the way for patronized buying behavior, past

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studies have considered this dimension lesser to explain the marketing efforts. This trust can bring much needed attention towards the retail space and then contributes positive intention towards store patronage behavior for all the values in purchase (Hedonic and utilitarian) for retailer . Trust proves its importance in every customer retailer relationship . Old retailers are trusted more in the developing economies of South East Asia but the modern organized retailers are crating trust with short, consistent and widespread presence across the modern urban population .

Perceived Value

Perceived value is the "overall consumer assessment of the utility of the product, based upon the perception of what is received and what is given" . Perceived value creates impression stimulus through positive arousal of the emotions on one side and social recognition for the purchase to the customer. These two values creates the total impression for the shopping   and are the most relevant for the shopping experience of groceries . Moreover the emotional values precedes the economic benefits for the decisions made on the basis of customer loyalty, similarly the social interactions are also valued high for the customer interactions, which retailers should enhance by making use of technology of social media .

Hypotheses Development

After the detailed evaluation of the past literature following hypotheses are developed.

H1: *Retail Marketing Mix has a positive and significant influence on purchase intention of retail customers in developing countries.*

H2: *Retail Marketing Mix has a positive and significant influence on perceived value of retail customers in developing countries.*

H3: *Retail Marketing Mix has a positive and significant influence on purchase intention with mediation of perceived value.*

Methodology

Structural Equation Modeling Technique is used to analyze the variables of the study. This had enabled to link the theoretical foundations to the empirical meaning. Following is been done to secure more sense to the study.

Research Design

Purposive convenient sampling technique is used at point of sales based on cross sectional design. It was divided into two parts, first; the pilot study and second; the main study.

Sample

400 participant (male, n=284; female, n=116) were approached through online with the use of smart phones at the point of sales (POS) in the retail space of hypermarkets for the urban region of Rawalpindi, Islamabad, and Lahore, Pakistan, where hypermarkets are situated. Age ranging from 16 to 55 (M=36.5, SD=1.282) years. The qualification ranging from ten years of education to doctoral degree holder were distributed among six categories (M=2.72, SD= 1.289), with Majority of the respondents were undergraduates (27.5%) followed by twelve years of education group (24.6 %). The nucleus families were surveyed because of the demographic trends in the country and grocery shopping being a family affair. 39.5 % of the respondents were from the second category of income class (approx. monthly

income between 501 to 1000 US dollars) followed by income class three (approx. monthly income between 1001 to 1500 US dollars) with (M=2.13, SD=1.289).

Instrument

Following instruments were used in current study to complete the survey.

Perceived value (PrcvV): Perceived value scale was developed by . It designed to assess the perception of value to the customer. It contains on three items with having two subscales known as social value and emotional value. Higher score on scale reflects the presence of perception of the value. Lower score on scale show low prevalence of social and emotional value to the customer for the purchase. The scale consisted of three items for the subscale of emotional value (α= 0.72 original scale) and three items for the subscale of social value (α= 0.88), both are measured on seven point Likert scale. This scale was translated through back standard method in current study.

Purchase Intention (PurcInt): scale was adopted from Grewal, D., Krishnan, R., Baker, J., & Borin (1998) and was modified current research. The scale consisted of six items (Alpha reliability= 0.82) are measured on seven point Likert scale.

Retail Marketing Mix (RMM): scale was adopted from Grewal, D., Krishnan, R., Baker, J., & Borin (1998) and was modified current research. The scale consisted of six items (Alpha reliability= 0.82) are measured on seven point Likert scale

Procedure

The data was collected at different retail store point of sale from the customers through online survey from Rawalpindi, Islamabad, and Lahore. Participants were approached by researcher, after taking the permission from the retail manager of the store. After explanation of the research endeavors and with the permission of the respondents. Informed concert was given to the respondent. It was also insured that the results of the research would be kept confidential and will only be used for the current research purpose. The survey tool was been filled out using the smart phones and were filled in presence of the researcher and the respondent, in case the respondent wanted extra explanation for their choices. The researcher influence was reduced with enhanced accuracy of data entry by online data gathering method, moreover time and cost was reduced . The ethical considerations were endorsed by COMSATS ethical review committee. After filling the survey the data was submitted online, which was subsequently arranged and prepared for further analysis. AMOS 23 was used to explain the study variable in advance data analysis.

Data Analysis

The mediating role of Perceived Value (PV) between Retail Marketing Mix (RMM) and Purchase Intention (PurcInt) were observed with beta coefficients of .59 between RMM and PurcInt, .75 between RMM and PV, finally .08 between PV and PurcInt. This indicates full mediating role of PV between RMM and PurcInt.

This indicates that the consumer perceived value in Pakistan is the link between the retail Marketing mix and its effect on purchase intention. Customer behaves according to the pre-arranged retail marketing mix variables.

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Table 1: Correlations and Alpha value of study variables

|	α	1	2	33 3	4	5	6
RMM	.86	-	.563**	.679**	.852**	.851**	.843**
PurcInt	.71		-	.534**	.559**	.517**	.591**
PrcvV	.81			-	.625**	.652**	.591**
SAttrct	.77				-	.682**	.696**
SituAttr	.84					-	.667**
OAttratv	.85						-

Note. RMM = Retail Marketing Mix; PurcInt= Customer Purchase Intention; PrcvV=Customer Perceived Value; SAttrct= Sustainable Attractiveness; SituAttr= Situational Attractiveness; OAttratv= Overall Attractiveness*p≤ .05, ** p ≤ .01, ***p ≤ .000.

Table 1 reveals that the study variables are highly correlated and have alpha value more than .65 is accordance with prior theory.

Table 2: Mediation Analysis

	B	S.E.	β	B	S.E.	β
Retail Marketing Mix	.804	.066	.594***	2.081	.082	.754***
Perceived Value	.042	.022	.085 *			

This conditional model displays good fit of the data adequacy, x2(4) = 18.57, p < .0001, x2/*df*=4.64, RMSEA= .06, CFI= .99, NFI = .98, TLI =0.98, IFI=0.99 & RFI=0.97. The result indicated that retail marketing mix was positively significant predicting to Purchase Intention (β= .59, p < .000), Perceived Value (β=.75, p < .000) in urban retail customers of developing country. The result also reveal that perceived value was positively significant predicting to Purchase Intention (β= .09, p < .05) in urban retail customers of developing country. Result indicated that the perceived value partially mediated in the relationship between retail marketing mix and purchase Intention in urban retail customers. Regarding to objective no.1 which stated "To study the mediating role of perceived value in the relationship between retail marketing mix and purchase Intention in urban retail customers" was supporting in current study.

Figure1: Mediating Role of Purchase Intention
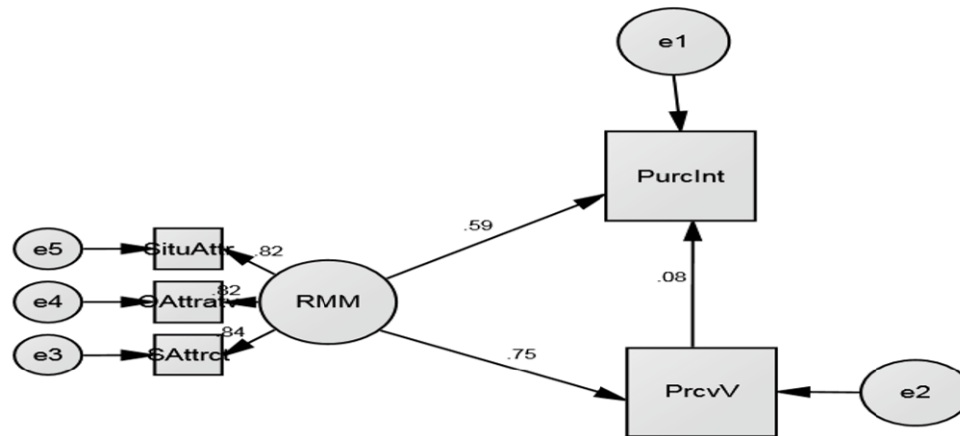
The Mediating role of Perceived Value between Retail Marketing Mix and Purchase intention among urban consumeres of Developing country.

Discussion

The present study was designed to inspect the mediating role of perceived value between retail marketing mix and purchase intention. Additionally, to examine the relationship among the study variables of retail marketing mix. Regarding to the objective no 1 Result indicated in table no 1 that the perceived value partially mediated in the relationship between retail marketing mix and purchase Intention in urban retail customers. The previous study finding are consistent with current study findings   and is confirmed in the developing country scenario. The perceived value derived from the social and emotional value   explains the shopping drives of these customers based more on hedonic values . The perceived value crucially develops the purchase intention. The consumers in South East Asia like to consume fresh perishable goods and would like to purchase their groceries more than once in a month. This study will guide the marketing managers to plan their marketing activities around the perceptions of the customers in developing countries. Specifically, the design of the retail marketing mixes in different in urban areas.

Limitations and Future directions

Current research was carried out by collecting data from five different retail stores in the urban centers of Pakistan using cross sectional research design. Further research can be done by adding new moderating variables like age and gender. Secondly; further research using the same variables which can increase or decrease the strength of the relationships and with different geographical locations in the world can shed light on the topic.

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